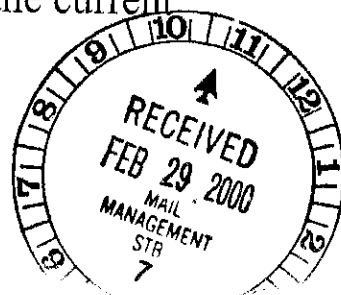


- ♦ Chairman Morgan I would like to thank you and the board for its decision to solicit public comment on this issue. We at Whitestone Supply company oppose any further mergers at this time. My company receives 100% of our materials by rail transportation. Our annual volume is approximately 20,000 carloads to several locations throughout northeast Ohio. My company uses Norfolk Southern and CSXT for our transportation needs.
- ♦ My company has experienced the effects of the service disruptions caused by rail mergers over the past several years, including the merger of the Burlington Northern and Santa Fe. Shippers in the U.S. and Canada are still feeling the effects of the most recent changes in the east. While improvements in service are taking place, this has been long, expensive and resource consuming process for my company. The railroads do not need further disruptions and distractions in providing service right now.
- ♦ Our service yard at times would have a rainbow of different colored locomotives, these engines came from all over the country to help with service issues, there fore other parts of the country suffered.
- ♦ Any major consolidation, like BNSF/CN will necessarily lead to more mergers and consolidations. That is the history of virtually every major industry as companies react to the changing landscape in the market place to avoid losing competitive leverage. While there might be a time when additional mergers become appropriate, another round of merger activity is likely to divert all railroads attention, resources and energy away from the more important job of improving their service in the current industry structure.

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- ♦ Merger implementation is obviously a multi year process that consumes attention and resources of the merging railroad's management. My company has worked through the disruption of rail service that has followed these mergers. The shipper community deserves and has earned a period of stability in the rail industry while the railroads concentrate on completing the integrations and delivering all the benefits we expected from the prior mergers that the STB has approved.
- ♦ While my company is certainly always encouraging growth, there are times when the fathers who govern not only our corporation but many others see things for what they are and make us stop and manage what we have acquired for several years or as long as it takes before they support another venture.
- ♦ Railroad service was improving significantly in the early 1990's, when railroad's management's were not distracted by one merger proposal after another and all the implementation efforts that followed STB approval. That progress was interrupted by the BNSF merger and those that followed. Until the BNSF/CN proposal, we looked forward to a hiatus of at least several years during which railroads could again focus their attention on improving the existing network rather than changing again through mergers.
- ♦ More mergers and consolidations are unnecessary now. The rail industry has recently shrunk to a half dozen large railroads. This new structure and rapid advances in information technology offer the industry opportunities to improve their service without mergers. They should concentrate on pursuing cooperative Initiatives to improve interchange service, projects to coordinate dispatching and operation in complex terminal areas and more effective utilization of their information technology to better serve all rail customers. Thank you for this opportunity.
- ♦ Any questions should be forward to : Attn: Martin Schlessel
Whitestone Supply Co.
8530 N. Boyle Pkwy
Twinsburg, OH 44087